

CITY OF DETROIT BROWNFIELD
REDEVELOPMENT AUTHORITY
(A Component Unit of the
City of Detroit, Michigan)

FINANCIAL STATEMENTS

June 30, 2007 and 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Detroit Brownfield Redevelopment Authority Wayne	
Fiscal Year End June 30, 2007	Opinion Date December 21, 2007	Date Audit Report Submitted to State January 2, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

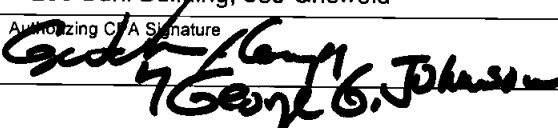
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) George Johnson & Company		Telephone Number (313) 965-2655	
Street Address 1200 Buhl Building, 535 Griswold		City Detroit	State MI
Zip 48226			
Authorizing CPA Signature 	Printed Name George G. Johnson, C.P.A.	License Number 1101006025	

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	2
FINANCIAL STATEMENTS:	
Statements of Net Assets	6
Statements of Activities	7
Balance Sheets - Governmental Funds	8
Statements of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	9
NOTES TO FINANCIAL STATEMENTS	10
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Revenue and Expenditures - Budget and Actual - General Fund (Unaudited)	16
Note to Schedules of Revenue and Expenditures - Budget and Actual - General Fund (Unaudited)	17

George Johnson & Company

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INDEPENDENT AUDITORS' REPORT

December 21, 2007

To the Board of Directors
City of Detroit Brownfield Redevelopment Authority
Detroit, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Detroit Brownfield Redevelopment Authority ("DBRA"), a component unit of the City of Detroit, Michigan, as of, and for the years ended, June 30, 2007 and 2006, which collectively comprise DBRA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of DBRA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DBRA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of DBRA as of June 30, 2007 and 2006, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and schedules of revenue and expenditures - budget and actual (general fund) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


CERTIFIED PUBLIC ACCOUNTANTS

An Independent Member of the BDO Seidman LLP Alliance

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2007 and 2006

This section of the annual report of the City of Detroit Brownfield Redevelopment Authority ("DBRA") presents management's discussion and analysis of DBRA's financial performance during the fiscal years that ended on June 30, 2007 and 2006. Please read it in conjunction with DBRA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

DBRA is starting to mature as it is collecting taxes and issuing tax increment financing ("TIF") reimbursements. It still has limited operating revenue and expenses. Net assets decreased by approximately 41 percent; however, that decrease was due in large part to the payment of expenses in the development fund from previous TIF receipts and should not be misconstrued as operating shortfalls. Net assets should level off in future years.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains two types of financial statements. The statements of net assets and statements of activities (which are presented on pages 6 and 7) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and fund balances for governmental funds (which are presented on pages 8 and 9) are considered fund financial statements. A further discussion of each type of statement follows.

Government-Wide Financial Statements

The government-wide financial statements report information about DBRA as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net assets include all of DBRA's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

The two government-wide financial statements report DBRA's net assets and how they have changed. Net assets represent the difference between DBRA's assets and liabilities, and they represent one way to measure DBRA's financial health, or position. Over time, increases or decreases in DBRA's net assets are an indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about DBRA's funds, not DBRA as a whole. Funds are accounting devices that DBRA uses to keep track of specific sources of funding and spending for particular purposes.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2007 and 2006

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (continued)

DBRA's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance DBRA's programs.

The notes to the financial statements, which begin on page 10, explain some of the information in the financial statements and provide more detailed data. A comparison of DBRA's general fund revenue and expenditures to its budget is provided on page 16.

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE

Table 1 reflects the condensed statements of net assets as of June 30, 2007, 2006, and 2005:

Table 1
Statements of Net Assets
June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets:			
Cash and investments	\$ 1,206,948	\$ 521,344	\$ 114,129
Property taxes receivable	1,267,080	-0-	-0-
Other assets	84,336	87,020	150,000
Total Assets	<u>2,558,364</u>	<u>608,364</u>	<u>264,129</u>
Liabilities:			
Accounts payable	364,803	12,460	15,747
Tax increment financing reimbursements payable	1,844,426	-0-	-0-
Total Liabilities	<u>\$ 2,209,229</u>	<u>\$ 12,460</u>	<u>\$ 15,747</u>

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**June 30, 2007 and 2006****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Table 1
Statements of Net Assets (continued)
June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Assets:			
Restricted for redevelopment	\$ 100,105	\$ 472,953	\$ 86,395
Unrestricted	<u>249,030</u>	<u>122,951</u>	<u>161,987</u>
Total Net Assets	<u>\$ 349,135</u>	<u>\$ 595,904</u>	<u>\$ 248,382</u>

The net assets of DBRA decreased by 41 percent. This decrease is principally attributable to the payment of previous TIF receipts for development projects.

Table 2 reflects the condensed statements of activities for the years ended June 30, 2007, 2006, and 2005:

Table 2
Statements of Activities
For the Years Ended June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenue:			
Program revenue	\$ 278,506	\$ 279,747	\$ 379,341
General revenue	<u>1,951,791</u>	<u>510,090</u>	<u>75,396</u>
Total Revenue	2,230,297	789,837	454,737
Expenses:			
Brownfield redevelopment	<u>2,477,066</u>	<u>442,315</u>	<u>276,975</u>
Net Increase (Decrease) in Net Assets	(246,769)	347,522	177,762
Net Assets, Beginning of Year	<u>595,904</u>	<u>248,382</u>	<u>70,620</u>
Net Assets, End of Year	<u>\$ 349,135</u>	<u>\$ 595,904</u>	<u>\$ 248,382</u>

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2007 and 2006

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

TIF reimbursements were finally starting to occur, and tax revenue increased during the year. Some of the projects are coming to fruition.

In comparing DBRA's general fund revenue and expenditures to its budget (as shown on page 16), a couple of positive expense variances are noticeable. These variances were due to tight control over spending and savings realized from experience as more brownfield plans are brought forward. Redevelopment fees show a negative variance, but that is because the budget included \$75,000 that was ultimately considered an interfund transfer; otherwise, the line item would have shown a surplus.

ECONOMIC FACTORS

DBRA will receive a large majority of its revenue in the future through tax receipts. The economic health of the brownfield areas will have a substantial impact on the level of revenue received.

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of DBRA's finances and to demonstrate DBRA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the office of the chief financial officer of Detroit Economic Growth Corporation, 500 Griswold, Suite 2200, Detroit, Michigan 48226.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENTS OF NET ASSETS**June 30, 2007 and 2006**

	Governmental Activities	
	2007	2006
Assets:		
Cash (Note A)	\$ 5,000	\$ 10,000
Investments (Note A)	1,201,948	511,344
Accounts and contracts receivable (no allowance considered necessary)	76,000	75,000
Property taxes receivable (Note B)	1,267,080	-0-
Prepaid expenses	8,336	12,020
Total Assets	2,558,364	608,364
Liabilities:		
Accounts payable	364,803	12,460
Tax increment financing reimbursements payable	1,844,426	-0-
Total Liabilities	2,209,229	12,460
Net Assets:		
Restricted for redevelopment	100,105	472,953
Unrestricted	249,030	122,951
Total Net Assets (see page 8)	\$ 349,135	\$ 595,904

See notes to financial statements.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES**For the Years Ended June 30, 2007 and 2006**

	Governmental Activities	
	2007	2006
Expenses:		
Brownfield redevelopment program:		
Administrative and operating expenses (Note A)	\$ 211,037	\$ 311,173
Project fees	2,207,581	41,136
Professional fees	58,448	90,006
Total Program Expenses	2,477,066	442,315
Program Revenue:		
Brownfield redevelopment program:		
Contracts (Note A)	150,000	150,000
Redevelopment fees (Note A)	128,506	129,747
Total Program Revenue	278,506	279,747
Net Program Expense	2,198,560	162,568
General Revenue:		
Property taxes (Note B)	1,901,479	500,140
Interest income	50,312	9,950
Total General Revenue	1,951,791	510,090
Net Increase (Decrease) in Net Assets (see page 9)	(246,769)	347,522
Net Assets, Beginning of Year	595,904	248,382
Net Assets, End of Year	\$ 349,135	\$ 595,904

See notes to financial statements.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2007 and 2006

	2007			2006		
	General Fund	Redevelopment Fund	Total All Funds	General Fund	Redevelopment Fund	Total All Funds
ASSETS						
Cash (Note A)	\$ 5,000	\$ -0-	\$ 5,000	\$ 10,000	\$ -0-	\$ 10,000
Investments (Note A)	106,337	1,095,611	1,201,948	38,391	472,953	511,344
Accounts and contracts receivable (no allowance considered necessary)	76,000		76,000	75,000		75,000
Property taxes receivable (Note B)	75,000	1,192,080	1,267,080			-0-
Prepaid expenditures	8,336		8,336	12,020		12,020
Total Assets	\$ 270,673	\$ 2,287,691	\$ 2,558,364	\$ 135,411	\$ 472,953	\$ 608,364
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 21,643	\$ 343,160	\$ 364,803	\$ 12,460	\$ -0-	\$ 12,460
Tax increment financing reimbursements payable		1,844,426	1,844,426			-0-
Total Liabilities	21,643	2,187,586	2,209,229	12,460	-0-	12,460
Fund Balances:						
Reserved for redevelopment		100,105	100,105		472,953	472,953
Reserved for prepaid expenditures	8,336		8,336	12,020		12,020
Unreserved	240,694		240,694	110,931		110,931
Total Fund Balances (see page 6)	249,030	100,105	349,135	122,951	472,953	595,904
Total Liabilities and Fund Balances	\$ 270,673	\$ 2,287,691	\$ 2,558,364	\$ 135,411	\$ 472,953	\$ 608,364

See notes to financial statements.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Years Ended June 30, 2007 and 2006

	2007			2006		
	General Fund	Redevelopment Fund	Total All Funds	General Fund	Redevelopment Fund	Total All Funds
Revenue:						
Property taxes (Note B)	\$ -0-	\$ 1,901,479	\$ 1,901,479	\$ -0-	\$ 500,140	\$ 500,140
Contracts (Note A)	150,000		150,000	150,000		150,000
Redevelopment fees (Note A)	128,506		128,506	129,747		129,747
Interest income	8,956	41,356	50,312	7,375	2,575	9,950
Total Revenue	287,462	1,942,835	2,230,297	287,122	502,715	789,837
Expenditures:						
Current:						
Administrative and operating expenses (Note A)	211,037		211,037	311,173		311,173
Project fees		2,207,581	2,207,581		41,136	41,136
Professional fees	58,448		58,448	90,006		90,006
Total Expenditures	269,485	2,207,581	2,477,066	401,179	41,136	442,315
Excess (Deficiency) of Revenue over Expenditures	17,977	(264,746)	(246,769)	(114,057)	461,579	347,522
Other Financing Sources (Uses):						
Interfund transfers	108,102	(108,102)	-0-	75,021	(75,021)	-0-
Net Increase (Decrease) in Fund Balances (see page 7)	126,079	(372,848)	(246,769)	(39,036)	386,558	347,522
Fund Balances, Beginning of Year	122,951	472,953	595,904	161,987	86,395	248,382
Fund Balances, End of Year	\$ 249,030	\$ 100,105	\$ 349,135	\$ 122,951	\$ 472,953	\$ 595,904

See notes to financial statements.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Purpose

The City of Detroit Brownfield Redevelopment Authority ("DBRA") was created by a Detroit City Council resolution dated April 23, 1998, and approved by the Mayor of the City of Detroit, Michigan (the "City") on April 30, 1998, under the provisions of Act 381, Public Acts of Michigan of 1996. DBRA was established for the following purposes:

- To create brownfield redevelopment zones
- To promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax-reverted, blighted, or functionally obsolete property
- To permit the issuance of bonds and other evidences of indebtedness
- To authorize the acquisition and disposal of certain property
- To authorize certain funds
- To authorize and permit the use of certain tax increment financing

For financial reporting purposes, DBRA is a component unit of the City because the members of DBRA's Board of Directors are appointed by the City's mayor and are confirmed by the Detroit City Council, which approves DBRA's budget. There are no fiduciary funds or component units included in the accompanying financial statements.

Basis of Presentation

The financial statements of DBRA consist of government-wide financial statements, which include the statements of net assets and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and fund balances for governmental funds.

Government-Wide Financial Statements

The government-wide financial statements report information about all of DBRA's assets, liabilities, net assets, revenue, and expenses, similar to the financial statements of non-governmental enterprises.

Fund Financial Statements

For purposes of the fund financial statements, the accounts of DBRA are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

The various funds are summarized by type in the fund financial statements. The following funds are used by DBRA:

General Fund

The general fund is the general operating fund of DBRA. It is used to account for all financial resources other than those required to be accounted for in another fund.

Redevelopment Fund

This special revenue fund is used to account for financial resources to be used for tax receipts and related expenses. DBRA finances its redevelopment plan by capturing the tax proceeds on the increase in assessed value within the tax increment district located within the brownfield area. This fund is not required to legally adopt a budget.

Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned, and expenses are recorded when incurred. Contract revenue, redevelopment fees, and other revenue specific to redevelopment activities are classified as program revenue. All other revenue, including all property tax revenue, is classified as general revenue.

Fund Financial Statements

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Fund Financial Statements (continued)

Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Administration

For the years ended June 30, 2007 and 2006, DBRA entered into cost-reimbursement agreements with Detroit Economic Growth Corporation for administrative services at an annual cost not to exceed \$100,000 per year for the years ended June 30, 2007 and 2006. These expenditures are reflected in administrative expenses for services rendered for each year.

Contract Revenue

DBRA entered into a cost-reimbursement agreement with the City to provide assistance to businesses locating or relocating in the City, or which are creating or retaining jobs through revitalization of brownfield properties, as well as to establish and formulate plans for economic development of brownfield properties. Such contract revenue is recognized when expenses that are reimbursable under the agreement are incurred.

Redevelopment Fees

DBRA assesses fees to those businesses for which DBRA provides assistance in brownfield property redevelopment. These fees are assessed when the related services are provided, and such revenue is recognized when the fees are assessed.

Cash Deposits

State of Michigan statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

Custodial credit risk is the risk that, in the event of a bank failure, DBRA's deposits may not be returned to DBRA. DBRA does not have a deposit policy for custodial credit risk.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Deposits (continued)

As of June 30, 2007 and 2006, DBRA's carrying amount of deposits and bank balances are as follows:

	<u>2007</u>	<u>2006</u>
Carrying amount of deposits	\$ 5,000	\$ 10,000
Total bank balances	<u>\$ 5,000</u>	<u>\$ 10,000</u>

All of DBRA's bank balances are covered by federal depository insurance as of June 30, 2007 and 2006.

Investments

Investments are recorded at fair value, based on quoted market prices. As of June 30, 2007 and 2006, DBRA's investments are classified as follows:

	<u>2007</u>	<u>2006</u>
Investments held by the counterparty's trust department or agent in DBRA's name:		
Money market funds:		
AAAm rating from Standard & Poor's:		
Federated Treasury Cash Series Fund		
(weighted average maturity of 15 days)	<u>\$ 1,201,948</u>	<u>\$ 511,344</u>

State of Michigan statutes authorize DBRA to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, investment pools authorized by the Surplus Funds Investment Act, and mutual funds composed entirely of the above investments. DBRA has no investment policy that would further limit its investment options.

DBRA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, DBRA will not be able to recover the value of its investments that are in the possession of an outside party. DBRA places no limit on the amount it may invest in any one issuer. Investments that represent five percent or more of DBRA's total investments are identified in the preceding schedule.

Interfund Transactions and Eliminations

Interfund transactions are recorded as a payable by the receiving fund and as a receivable by the advancing fund in the fund financial statements. All interfund transactions and balances have been eliminated in the accompanying financial statements.

Reclassifications

Certain reclassifications have been made to the 2006 financial statements to conform to classifications used in 2007.

NOTE B - PROPERTY TAXES

DBRA is authorized to finance its redevelopment plan by capturing the tax proceeds on the increases in the assessed value on real and personal property within the tax increment district located within the brownfield area. Funds raised from this levy are restricted for use within this district.

The City levies property taxes on July 1 of each year. Property taxes are due to the City on August 15 of each year, but may be paid in two installments, which are due on August 15 and December 31 of each year. Liens are assessed on unpaid taxes on July 1 of each year. The City is scheduled to remit collected property taxes to DBRA in December and June of each year.

NOTE C - RISK MANAGEMENT

DBRA has insurance policies covering its directors and officers. It also has general liability insurance and property insurance covering its various assets. Due to the extent of insurance that DBRA maintains, the risk of loss to DBRA, in management's opinion, is minimal.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

SCHEDULES OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)

For the Years Ended June 30, 2007 and 2006

	2007				2006			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
Revenue:								
Contracts	\$ 150,000	\$ 150,000	\$ 150,000	\$ -0-	\$ 150,000	\$ 150,000	\$ 150,000	\$ -0-
Redevelopment fees	175,000	175,000	128,506	(46,494)	160,000	160,000	129,747	(30,253)
Interest income	10,000	10,000	8,956	(1,044)	2,500	2,500	7,375	4,875
Total Revenue	335,000	335,000	287,462	(47,538)	312,500	312,500	287,122	(25,378)
Expenditures:								
Current:								
Administrative and operating expenses	255,000	255,000	211,037	43,963	255,000	255,000	311,173	(56,173)
Professional fees	80,000	80,000	58,448	21,552	57,500	57,500	90,006	(32,506)
Total Expenditures	335,000	335,000	269,485	65,515	312,500	312,500	401,179	(88,679)
Excess (Deficiency) of Revenue over Expenditures	-0-	-0-	17,977	17,977	-0-	-0-	(114,057)	(114,057)
Other Financing Sources:								
Interfund transfers			108,102	108,102			75,021	75,021
Net Increase (Decrease) in Fund Balance	\$ -0-	\$ -0-	\$ 126,079	\$ 126,079	\$ -0-	\$ -0-	\$ (39,036)	\$ (39,036)

See note to schedules of revenue and expenditures - budget and actual (general fund).

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

**NOTE TO SCHEDULES OF REVENUE AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)**

For the Years Ended June 30, 2007 and 2006

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

The City of Detroit Brownfield Redevelopment Authority ("DBRA") establishes a budget that is reflected in the financial statements for the general fund. The budget is presented on the modified accrual basis of accounting.

Budgeted amounts are as presented to DBRA's Finance Committee and approved by DBRA's Board of Directors and the Detroit City Council. No amendments to the budget were made during the year. Appropriations are authorized by DBRA's management. Unexpended appropriations lapse at the end of the fiscal year.

**George Johnson
& Company**

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December 21, 2007

To the Board of Directors and Management
City of Detroit Brownfield Redevelopment Authority
Detroit, Michigan

In planning and performing our audit of the financial statements of the City of Detroit Brownfield Redevelopment Authority ("DBRA") as of, and for the year ended, June 30, 2007 in accordance with auditing standards generally accepted in the United States of America, we considered DBRA's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DBRA's internal control. Accordingly, we do not express an opinion on the effectiveness of DBRA's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects DBRA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of DBRA's financial statements that is more than inconsequential will not be prevented or detected by DBRA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by DBRA's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Board of Directors, and others within DBRA and is not intended to be, and should not be, used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS